

Governor Hassan's Commission on Medicaid Care Management

May 31, 2013
Governor Maggie Hassan
State House
107 North Main Street
Concord, NH 03301

Dear Governor Hassan,

On April 10, 2013 you established a Commission to review and advice on the implementation of New Hampshire's Medicaid care management program. Among its responsibilities, the Commission was to advise you regarding the program's implementation to ensure that it achieved the "goals of improving access to eligible populations, quality and appropriateness of care and cost effectiveness of the Medicaid program".

The Commission is in the early stages of its work. Its first meeting was held on May 2, 2013 and there is much to accomplish over the next several months. However, there is one issue of significance to the success of the care management program that the Commission felt warranted immediate attention. Consequently, we are writing to provide advice on the matter of what is known as Medicaid expansion under the federal Affordable Care Act (ACA).

For the reasons set forth in the following, the Commission's urgent recommendation is as follows:

The Governor's Commission on Medicaid Care Management hereby recommends that Medicaid expansion be implemented in New Hampshire due to its necessity in ensuring the successful transition from a Medicaid fee for service system to a more efficient, more effective, and more cost-effective Medicaid care management system in the Granite State.

Our reason for urgency in this recommendation for Medicaid expansion is that the care management system being pursued by the State is constructed and depends on Medicaid expansion occurring. In the unanimous opinion of the Commission, failure to proceed with the expansion jeopardizes the entire care management initiative and the ability of the Department of Health and Human Services to carry out its legislative mandate in this regard. The attached outlines our basis for concern in more detail.

Please feel free to contact me for further information. Thank you very much.

Sincerely,



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Chair, Governor's Commission on Medicaid Care Management
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Governor's Commission on Medicaid Care Management

Recommendation:

The Governor's Commission on Medicaid Care Management hereby recommends that Medicaid expansion be implemented in New Hampshire due to its necessity in ensuring the successful transition from a Medicaid fee for service system to a more efficient, more effective, and more cost-effective Medicaid care management system in the Granite State.

Rationale:

The Commission makes this recommendation concerning the implementation of Medicaid expansion because:

- The care management system authorized by the State of New Hampshire is premised on the implementation of Medicaid expansion.
- The care management request for proposals issued by the NH Department of Health and Human Services, the responses by the bidders, and the State of New Hampshire's contracts with three managed care organizations (MCOs) – as approved by the legislature's Joint Fiscal Committee and by the Governor and Executive Council – all had and have the expansion population built into implementation plans.
- The request for proposals and approved contracts included specific dates, transitional phases, operational steps, and required bidder proposals that reflected expansion. As such, all MCOs assumed the expansion as part of their business relationship with the State of New Hampshire. Removing expansion risks questions of the creation of a material change in contractual conditions.
- An expanded Medicaid population makes the care management system more efficient and more cost-effective. Serving a larger group means lower administrative and other program costs per capita. The larger the managed care pool, the better and more efficient and more cost-effective the care system opportunity.
- Because the cost of care for Medicaid expansion enrollees will be covered by 100% federal funds for the first three years that begin in 2014, capturing the majority of pent-up health care demand among eligible adults, it makes practical sense for New Hampshire to take full advantage of the impressive federal matching rate that starts in 2014.
- The opportunity to address the health needs of this population in a streamlined and coordinated care management system rather than a fragmented and more costly system of uncompensated care, and to do so at little or no financial cost to the State of New Hampshire, is an opportunity of historic significance that is not likely to occur again.

- Medicaid expansion provides New Hampshire with the flexibility, working with participating MCOs, to help resolve its health care provider network challenge for Medicaid care management.
- Hospitals, community mental health centers, and other community health care providers all have expressed strong support for the expansion, which will help to relieve health care providers of their uncompensated care costs.
- Provided Medicaid expansion is authorized, New Hampshire is poised to move forward with a Medicaid care management system that would begin to streamline our overall system of care, to enhance and incentivize care coordination, and to make the Medicaid program more efficient and cost-effective.
- A choice to reject the Medicaid expansion alters the effective assumptions and models about risk and cost for MCO participation in New Hampshire. Without the expansion enrollees, managed care vendors appear likely to be left not just with a lower number of covered lives, but with continued health care provider participation delays, and with associated costs.
- Rejection of the expansion would jeopardize ongoing MCO participation, put projected savings to the State at risk, and threaten to make care management untenable.

The Governor's Commission on Medicaid Care Management recommends that Medicaid expansion be authorized in New Hampshire in order to ensure that the Medicaid care management initiative is implemented and can succeed in our State.